

# SAVING POLICYHOLDERS FROM ESCHEATMENT

> THE PRINCIPAL FINANCIAL GROUP – DEMUTUALIZATION

## CASE STUDY

In December 2001, Principal Mutual Holding Company, a leading global insurance firm, converted from a “mutual” company owned by its policyholders to a publicly traded firm, The Principal Financial Group (The Principal), listed on the NYSE.\*

Through the process known as demutualization, the company issued common shares or cash to their eligible participating policyholders. The number of shares or the amount of cash awarded was based on various factors relating to a policyholder’s account.

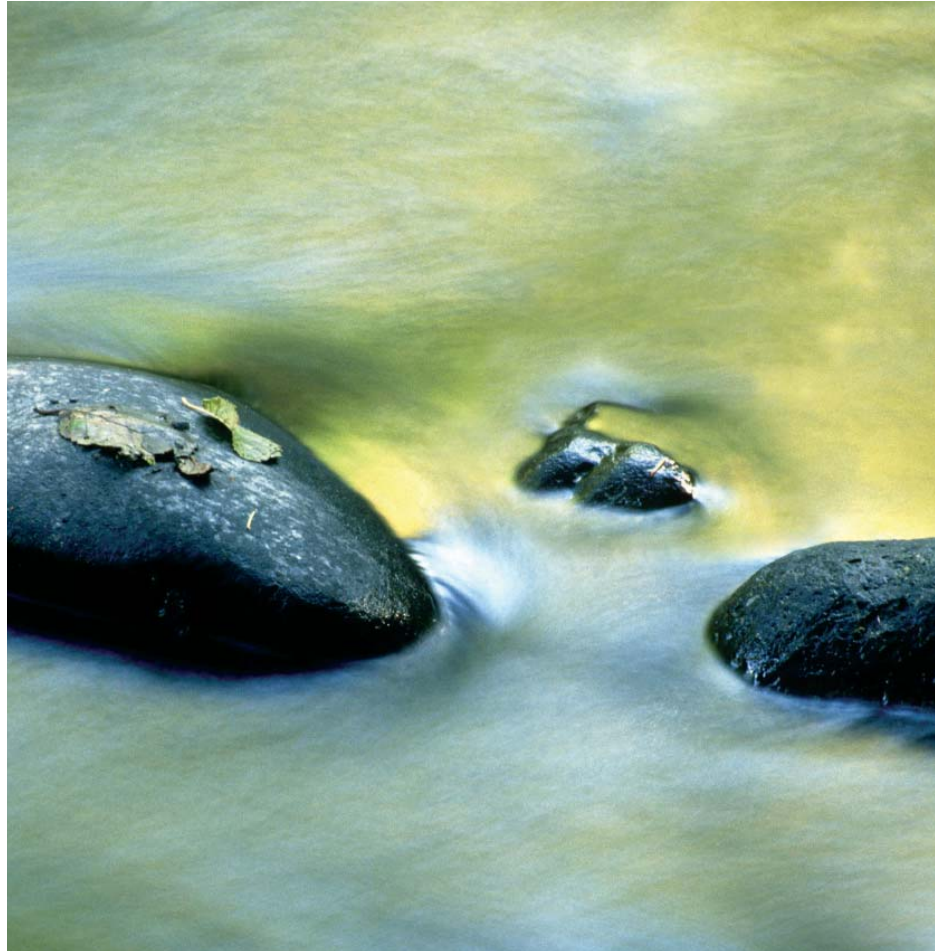
### THE CHALLENGE

At the time of the demutualization, there was a portion of policyholders who were deemed lost due to incorrect or missing addresses. As they were lost, the policyholders’ entitlement defaulted to cash rather than shares. These cash entitlements ran the risk of being remitted to the appropriate states in accordance with abandoned property laws through a process known as escheatment.

After previous proactive and diligent efforts by The Principal, approximately US\$17 million of the total demutualization compensation remained unclaimed by 1,041 accounts.

### THE SOLUTION

Recognizing the value of these missing accounts, The Principal decided to retain the services of Georgeson Securities Corporation, a broker-



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\* The term “mutual” denotes that the insurance company is owned by the policyholders as a group, versus shareholder-owned for public companies.

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dealer subsidiary of global financial services provider Computershare, to complement their efforts of reuniting the rightful owners with their funds and help them avoid escheatment.

In December 2005, Georgeson implemented a PostMerger CleanUp™ program for The Principal. Georgeson structured the program to address the two main reasons why people do not claim their entitlements:

- > **The rightful owner does not reside at the address of record and is unaware of their entitlement.** Through complete and targeted research, Georgeson was able to identify and confirm proper addresses for approximately 75% (or 780 accounts) of the eligible file. Over a period of several months, Georgeson implemented a strategic and comprehensive communication campaign to reach these policyholders.
- > **In order to claim their entitlements, holders with account registration changes must submit legal documents. Some shareholders find the process tedious, confusing or daunting and can hinder them from claiming their asset.** Approximately 50% of the accounts that Georgeson rescued from escheatment faced this dilemma. Where possible, Georgeson ordered the legal documents on behalf of the policyholder, eliminating another major obstacle for the shareholder to complete the transaction.

### THE RESULTS

As a result of Georgeson's efforts, 347 accounts received their entitlement of \$6,613,288 in cash. This represents a 32% success rate in reuniting policyholders with their assets and has exceeded the estimated success rate of 25%. Georgeson also verbally connected with an additional 232 accounts and these individuals are now aware of the significance of claiming their funds. Based on their 20+ years of experience working on corporate actions and post merger cleanup programs, Georgeson estimates that an additional 50 accounts will step forward to claim their funds and avoid escheatment.

### ABOUT GEORGESON

Georgeson Inc. is the world's leading provider of strategic proxy and corporate governance consulting services to corporations and shareholder groups working to influence corporate strategy.

Since 1935, Georgeson has specialized in complex solicitations such as hostile and friendly acquisitions, proxy contests and takeover defenses. Georgeson leads more M&A transactions globally than any other firms combined. Georgeson also provides issuers with expertise in corporate events solutions such as post-merger unexchanged holder programs and information agent services.

Georgeson is a Computershare company. For more information, visit the Georgeson Web site at [www.georgeson.com](http://www.georgeson.com)

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